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MEMORANDUM

RECEIVED

2015 SEP 16 A 10:51

AZ CORP COMMISSION
DOCKET CONTROL

TO: Docket Control

FROM: Betty Camargo *BC*
Paralegal, Legal Division

DATE: September 16, 2015

RE: NOTICE OF FINAL RULEMAKING
DOCKET NO. RG-00000A-15-0098

Attached is a copy of the Notice of Final Rulemaking amending the Pipeline Safety Rules, A.A.C. R14-5-202, R14-5-203, R14-5-204, R14-5-205 and R-14-5-207 filed with the Arizona Attorney General's office.

Arizona Corporation Commission
DOCKETED

SEP 16 2015

DOCKETED BY *BC*

ORIGINAL

AGENCY RECEIPT
NOTICE OF FINAL RULEMAKING

1. Agency name: Arizona Corporation Commission

2. The Subchapters, if applicable; the Articles; the Parts, if applicable; and the Sections involved in the rulemaking, listed in alphabetical and numerical order:

Article, Part, or Section Affected (as applicable) Rulemaking Action

Article 2

R14-5-202	Amend
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R14-5-203	Amend
-----------	-------

R14-5-204	Amend
-----------	-------

R14-5-205	Amend
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R14-5-207	Amend
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AGENCY CERTIFICATE
NOTICE OF FINAL RULEMAKING

1. Agency name: Arizona Corporation Commission
2. Chapter heading: Corporation Commission – Transportation
3. Code citation for the Chapter: 14 A.A.C. 5
4. The Subchapters, if applicable; the Articles; the Parts, if applicable; and the Sections involved in the rulemaking, in numerical order:

Article, Part, or Section Affected (as applicable) Rulemaking Action

Article 2

R14-5-202 Amend

R14-5-203 Amend

R14-5-204 Amend

R14-5-205 Amend

R14-5-207 Amend

5. The rules contained in this package are true and correct as (choose one: proposed or made):

Made

6. 
Signature of Agency Chief Executive Officer in ink

Jodi Jerich

Printed or typed name of signer

9-15-15
Date signed

Executive Director

Title of signer

ATTORNEY GENERAL

APPROVAL OF FINAL RULES

1. **Agency name:** Arizona Corporation Commission
2. **Chapter heading:** Corporation Commission-Transportation
3. **Code citation for the Chapter:** 14 A.A.C. 5
4. **The Subchapters, if applicable; the Articles; the Parts, if applicable; and the Sections involved in**

the rulemaking, listed in alphabetical and numerical order:

Subchapters, Articles, Parts, and Sections (in alphabetical and numerical order)	Action:
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Article 2

R14-5-202

Amend

R14-5-203

Amend

R14-5-204

Amend

R14-5-205

Amend

R14-5-207

Amend

5. **The rules contained in this package are approved as final rules.**

6. _____
Mark Brnovich, Attorney General

Date signed

NOTICE OF FINAL RULEMAKING

TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND ASSOCIATIONS;
SECURITIES REGULATION

CHAPTER 5. CORPORATION COMMISSION – TRANSPORTATION

ARTICLE 2. PIPELINE SAFETY

PREAMBLE

1. Article, Part, or Section Affected (as applicable) Rulemaking Action

R14-5-202	Amend
R14-5-203	Amend
R14-5-204	Amend
R14-5-205	Amend
R14-5-207	Amend

2. Citations to the agency's statutory rulemaking authority to include both the authorizing statute (general) and the implementing statute (specific):

Authorizing statute: Arizona Constitution, Article XV § 3.

Implementing statute: A.R.S. § 40-441

3. The effective date of the rule:

a. If the agency selected a date earlier than the 60 day effective date as specified in A.R.S. § 41-1032(A), include the earlier date and state the reason or reasons the agency selected the earlier effective date as provided in A.R.S. § 41-1032(A)(1) through (5):

Immediately upon filing in the Office of the Secretary of State after Attorney General certification per A.R.S. §§ 41-1032(A), 41-1044 and 41-1057. Immediate effectiveness of these rule amendments is justified under A.R.S. § 41-1032(A)(1) and (2), to preserve the public health and safety and to avoid a violation of the PHMSA deadline for the Commission to adopt regulations conforming to the current federal regulations for pipeline safety. Because the rule amendments deal directly with the handling of natural gas and other hazardous liquids transmitted through pipelines, the rule amendments will preserve the public health or safety.

b. If the agency selected a date later than the 60 day effective date as specified in A.R.S. § 41-1032(A), include the later date and state the reason or reasons the agency selected the later effective date as provided in A.R.S. § 41-1032(B):

Not applicable

4. Citations to all related notices published in the *Register* as specified in R1-1-409(A) that pertain to the record of the final rulemaking package:

Notice of Rulemaking Docket Opening: 21 A.A.R. 685.

Notice of Proposed Rulemaking: 21 A.A.R. 674.

5. The agency's contact person who can answer questions about the rulemaking:

Name: Charles Hains, Commission Counsel, Legal Division

Address: Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

Telephone: (602) 542-3402

Fax: (602) 542-4870

E-mail: Chains@azcc.gov

Web site: www.azcc.gov

6. An agency's justification and reason why a rule should be made, amended, repealed or renumbered, to include an explanation about the rulemaking:

The purpose of the proposed rules is to amend, R14-5-202, R14-5-203, R14-5-204, R14-5-205 and R14-5-207, of the Pipeline Safety Rules.

The amendments to R14-5-202, R14-5-203 R14-5-204, R14-5-205 and R14-5-207 are revised for clarity and to update incorporations by reference of the most recent amendments to the Code of Federal Regulations ("CFR"), Title 49.

The Commission is exempt from the Executive Order 2015-01 requirement to obtain prior approval before engaging in rulemaking proceedings.

7. A reference to any study relevant to the rule that the agency reviewed and either relied on or did not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:

None

Not applicable

9. A summary of the economic, small business, and consumer impact:

Small Business Subject to the Rules: These rules do not change the responsibilities of master meter operators already established in 1970 by the adoption by the Commission of the Code of Federal Regulations, Title 49, Parts 191 and 192.

The new rules may increase testing costs for operators of liquefied natural gas facilities when welding is performed, although such costs should be minimal as welding is a non-recurring activity. Such costs will only be incurred if the liquefied natural gas facility operator is not already ensuring that nondestructive testing is completed for each weld performed on newly installed, replaced, or repaired pipeline or appurtenances.

The new rules will have no effect upon consumers or users of the gas service provided by regulated public utilities as they presently are required to be in compliance with all standards, but, this will benefit consumers, users and the general public by maintaining a safe pipeline system.

The new rules are the least costly method for obtaining compliance with the long standing minimum safety standards. The rules do not impose additional standards. There is no less intrusive method.

10. A description of any changes between the proposed rulemaking, to include supplemental notices, and the final rulemaking:

The following clarifying changes were made to the final rulemaking:

- a. R14-5-202(B) was revised by replacing "~~(October 1, 2012 February 5, 2015)~~" with "~~(October 1, 2012~~ October 1, 2014, as amended by the Final Rule published at 80 Fed. Reg. 168 (January 5, 2015) and effective March 6, 2015.)";
- b. R14-5-204(A)(2), was revised by updating the date of the incorporation by reference for Form PHMSA F 7100.1-1, by replacing "~~(January 2011)~~" with "~~(January 2011~~ May 2015.)";
- c. To simplify the text submitted for the Notice of Final Rulemaking by including "no change" for those subsections that are not being changed.

11. An agency's summary of the public or stakeholder comments made about the rulemaking and the agency response to the comments:

No member of the public provided comment on this rulemaking.

12. All agencies shall list other matters prescribed by statute applicable to the specific agency or to any specific rule or class of rules. Additionally, an agency subject to Council review under A.R.S. §§ 41-1052

12. All agencies shall list other matters prescribed by statute applicable to the specific agency or to any specific rule or class of rules. Additionally, an agency subject to Council review under A.R.S. §§ 41-1052 and 41-1055 shall respond to the following questions:

a. Whether the rule requires a permit, whether a general permit is used and if not, the reasons why a general permit is not used:

None

b. Whether a federal law is applicable to the subject of the rule, whether the rule is more stringent than federal law and if so, citation to the statutory authority to exceed the requirements of federal law:

The rule amendments bring the state rules into conformity with the federal law, thereby paralleling the federal law and therefore are neither more nor less stringent than the federal law.

c. Whether a person submitted an analysis to the agency that compares the rule's impact of the competitiveness of business in this state to the impact on business in other states:

None

13. A list of any incorporated by reference material as specified in A.R.S. § 41-1028 and its location in the rule:

49 CFR 40 (October 1, 2014) adopted in R14-5-202(B)

49 CFR 191 (October 1, 2014) adopted in R14-5-202(B)

49 CFR 192 (October 1, 2014), except I(A)(2) and (3) of Appendix D to part 192 adopted in R14-5-202(B)

49 CFR 193 (October 1, 2014) adopted in R14-5-202(B)

49 CFR 195 (October 1, 2014), except 195.1(b)(2), (3), and (4) adopted in R14-5-202(B)

49 CFR 199 (October 1, 2014) adopted in R14-5-202(B)

14. Whether the rule was previously made, amended or repealed as an emergency rule. If so, cite the notice published in the *Register* as specified in R1-1-409(A). Also, the agency shall state where the text was changed between the emergency and the final rulemaking packages:

Not applicable

15. The full text of the rules follows:

**TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND
ASSOCIATIONS; SECURITIES REGULATION
CHAPTER 5. CORPORATION COMMISSION – TRANSPORTATION
ARTICLE 2. PIPELINE SAFETY**

Section

- | | |
|------------|---|
| R14-5-202. | Construction and Safety Standards for Gas, LNG, and Hazardous Liquid Pipeline Systems |
| R14-5-203. | Pipeline Incident Reports |
| R14-5-204. | Annual Reports |
| R14-5-205. | Commission Investigations |
| R14-5-207. | Master Meter System Operators |

ARTICLE 2. PIPELINE SAFETY

R14-5-202. Construction and Safety Standards for Gas, LNG, and Hazardous Liquid Pipeline Systems

- A. No Change
- B. Subject to the definitional changes in R14-5-201 and the modifications noted in this Section, the Commission adopts, incorporates, and approves as its own 49 CFR 40; 191; 192, except (I)(A)(2) and (3) of Appendix D to Part 192; 193; 195, except 195.1(b)(2), (3), and (4); and 199(~~October 1, 2012~~ October 1, 2014, as amended by the Final Rule published at 80 Fed. Reg. 168 (January 5, 2015) and effective March 6, 2015), including no future editions or amendments, which are incorporated by reference; on file with the Office of Pipeline Safety; and published by and available from the U.S. Government Printing Office, 710 North Capital Street N.W., Washington DC 20401, and at <http://www.gpo.gov/fdsys/>. For purposes of 49 CFR 192, "Business District" means an area where the public congregate for economic, industrial, religious, educational, health, or recreational purposes and two or more buildings used for these purposes are located within 100 yards of each other.
- C. No change
 - 1. No change
 - 2. No change
- D. No change
- E. No change
 - 1. No change
 - 2. No change
- F. No change
- G. No change
- H. No change
- I. No change
- J. An operator of an intrastate pipeline transporting LNG, gas, or a hazardous liquid shall use a cathodic protection system designed to protect the metallic pipeline in its entirety, in accordance with 49 CFR 192, Subpart I, ~~October 1, 2010 (and no future amendments)~~, as incorporated by reference in subsection (B), and ~~copies available from the Office of Pipeline Safety and the United States Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954, except~~ Sections (I)(A)(2) and (3) of Appendix D to Part 192 shall not be utilized. This modifies 49 CFR 192.463(a), 193.2629, and 195.571.
- K. No change
- L. No change
- M. No change
- N. An operator of an intrastate pipeline transporting gas or hazardous liquid that constructs an underground pipeline system using plastic pipe shall bury the installed pipe with at least 6 inches of sandy type soil, free of any rock or debris, surrounding the pipe for bedding and shading, unless the pipe is otherwise protected

as approved by the Office of Pipeline Safety. Steel pipe shall be installed with at least 6 inches of sandy type soil, free of any debris or materials injurious to the pipe coating, surrounding the pipe for bedding and shading, unless the pipe is otherwise protected as approved by the Office of Pipeline Safety. This modifies 49 CFR 192.321, 192.361, and 195.246.

O. No change

P. No change

Q. An operator of an intrastate pipeline transporting gas shall survey and grade all detected leakage according to the standards provided below, which modify 49 CFR 192.706 and 192.723:

1. In the case of all gas except LPG, leakage surveys and grading shall be performed pursuant to the standards set by ASME Guide for Gas Transmission and Distribution Pipeline System, Guide Material, Appendix G-11-1983, including no future editions or amendments, which is incorporated by reference; on file with the Office of Pipeline Safety; published by and available from ASME, ~~Three~~ Two Park Avenue, New York, NY 10016-5990; and modified by omitting 4.4(c) and by replacing "should" with "shall" each time it appears.

2. In the case of LPG, leakage surveys and grading shall be performed pursuant to the standards set by ASME Guide for Gas Transmission and Distribution Pipeline System, Guide Material, Appendix G-11A-1983, including no future editions or amendments, which is incorporated by reference; on file with the Office of Pipeline Safety; published by and available from ASME, ~~Three~~ Two Park Avenue, New York, NY 10016-5990; and modified by replacing "should" with "shall" each time it appears.

3. No change

R. No change

S. No change

T. An operator of an LNG facility shall ensure that nondestructive testing is completed for each weld performed on newly installed, replaced, or repaired pipeline or an appurtenance. This modifies 49 CFR 193.2303.

~~T.~~ U. In the event of an unknown failure of a gas, LNG, or hazardous liquid pipeline, resulting in the operator's being required to provide a telephonic or written report under R14-5-203 (B) or (C) and in the operator's removing a portion of the failed pipeline, the following shall occur:

1. No change

2. No change

a. No change

b. No change

c. No change

d. No change

e. No change

f. No change

3. Within 48 hours after receiving telephonic notification pursuant to subsection (~~F~~ U)(2), the Office of Pipeline Safety shall:
 - a. Determine, based on the information provided by the operator and the availability, adequacy, and reliability of any pipeline testing laboratory operated by the operator, whether it is necessary to have the removed portion of pipeline tested at an independent laboratory; and
 - b. Telephonically notify the operator either:
 - i. That the operator must have the removed portion of pipeline tested, in accordance with Office of Pipeline Safety directions, by an independent laboratory selected by the Office of Pipeline Safety as provided in subsection (~~F~~ U)(5), to determine the cause or causes of the failure; or
 - ii. That the operator is not required to have the removed portion of pipeline tested by an independent laboratory and instead must conduct testing in its own pipeline testing laboratory, after which the operator may discard the removed portion of pipeline;
4. After providing telephonic notice as provided in subsection (~~F~~ U)(3)(b), the Office of Pipeline Safety shall confirm its notification in writing;
5. If the Office of Pipeline Safety directs testing by an independent laboratory:
 - a. The Office of Pipeline Safety shall:
 - i. Determine, as provided in subsection (~~F~~ U)(6), the independent laboratory that will do the testing and the period of time within which the testing is to be completed;
 - ii. No change
 - iii. No change
 - b. No change
 - i. No change
 - ii. No change
 - iii. No change
 - iv. No change
 - v. No change
6. In determining an independent laboratory to perform testing required under subsection (~~F~~ U), the Office of Pipeline Safety shall:
 - a. No change
 - b. No change
 - i. No change
 - ii. No change
 - c. No change

- i. No change
- ii. No change
- d. No change
- No change

U. V. An operator shall ensure that all repair work performed on an existing intrastate pipeline transporting LNG, hazardous liquid, or gas complies with this Article.

V. W. The Commission may waive compliance with any of the requirements of this Section upon a finding that such a waiver is in the interest of public and pipeline safety.

W. X. To ensure compliance with the provisions of this Article, the Commission or an authorized representative thereof may enter the premises of an operator of an intrastate pipeline to inspect and investigate the property, books, papers, electronic files, business methods, and affairs that pertain to the pipeline system operation.

R14-5-203. Pipeline Incident Reports

A. No change

B. No change

- 1. No change
 - a. No change
 - i. No change
 - ii. No change
 - iii. No change
 - iv. No change
 - v. No change
 - b. No change
 - c. No change
 - d. No change
 - e. No change
 - f. No change
 - g. No change
 - h. No change
- 2. No change
 - a. No change
 - i. No change
 - ii. No change
 - iii. No change
 - b. No change
 - c. No change
 - d. No change

- e. No change
- f. No change
 - i. No change
 - ii. No change
 - iii. No change
 - iv. No change
- g. No change
- 3. No change
 - a. No change
 - b. No change
 - c. No change
 - d. No change
 - e. No change
 - f. No change
 - g. No change
- C. No change
 - 1. No change
 - a. No change
 - i. No change
 - ii. No change
 - iii. No change
 - iv. No change
 - v. No change
 - b. No change
 - c. No change
 - d. No change
 - e. No change
 - 2. A written incident report concerning a gas pipeline system shall be completed using the following, as applicable, which are incorporated by reference; on file with the Office of Pipeline Safety; and published by and available from PHMSA at East Building, Second Floor, 1200 New Jersey Ave., SE, Washington, DC 20590, and at <http://www.phmsa.dot.gov/pipeline/library/forms>:
 - a. Form PHMSA F 7100.1: Incident Report – Gas Distribution System (~~June 2011~~October 2014), including no future editions or amendments;
 - b. Form PHMSA F 7100.2: Incident Report – Natural and Other Gas Transmission and Gathering Pipeline Systems (~~December 2012~~October 2014), including no future editions or amendments; or

- c. Form PHMSA F 7100.3: Incident Report – Liquefied Natural Gas (LNG) Facilities (~~June 2011~~October 2014), including no future editions or amendments.
- 3. An operator of an intrastate pipeline transporting hazardous liquid shall file a written incident report completed using Form PHMSA F 7000-1: Accident Report – Hazardous Liquid Pipeline Systems (~~December 2012~~July 2014), including no future editions or amendments, which is incorporated by reference, on file with the Office of Pipeline Safety, and published by and available from PHMSA as set forth in subsection (C)(2), any time the operator would have been required to make a notification as required under R14-5-203(B)(2).
- 4. A written incident report required by this Section shall be filed with the Office of Pipeline Safety within the time specified below:
 - a. For an LNG; or gas - incident, within 20 days after detection; and
 - b. No change
- 5. No change
- 6. After an incident involving shutdown or partial shutdown of a master meter system, an operator of a gas pipeline system shall request and obtain a clearance from the Office of Pipeline Safety before turning on or reinstating service to a the master meter system or portion of the master meter system that was shut down.

R14-5-204. Annual Reports

- A. An operator of an intrastate pipeline shall file with the Office of Pipeline Safety, not later than March 15, for the preceding calendar year, an annual report completed using one of the following, as applicable, which are incorporated by reference; on file with the Office of Pipeline Safety; and published by and available from PHMSA as provided in R14-5-203(C)(2):
 - 1. Form PHMSA F 7000-1.1: Annual Report for Calendar Year 20__ Hazardous Liquid Pipeline Systems (~~June 2011~~2014), including no future editions or amendments, which shall be completed in accordance with the PHMSA instructions for the form;
 - 2. Form PHMSA F 7100.1-1: Annual Report for Calendar Year 20__ Gas Distribution System (~~January 2011~~ May 2015), including no future editions or amendments, which shall be completed in accordance with the PHMSA instructions for the form;
 - 3. Form PHMSA F 7100.2-1: Annual Report for Calendar Year 20__ Natural and Other Gas Transmission and Gathering Pipeline Systems (~~December 2012~~October 2014), including no future editions or amendments, which shall be completed in accordance with the PHMSA instructions for the form; or
 - 4. Form PHMSA F 7100.3-1: Annual Report for Calendar Year 20__ Liquefied Natural Gas (LNG) Facilities (~~June 2011~~October 2014), including no future editions or amendments, which shall be completed in accordance with the PHMSA instructions for the form.
- B. No change

R14-5-205. Commission Investigations

- A. No change
- B. While investigating an incident, accident, or event, the Commission; or an authorized agent of the Commission may:
 - 1. No change
 - 2. No change
 - 3. No change
 - 4. No change
 - 5. No change
 - 6. No change

R14-5-207. Master Meter System Operators

- A. No change
- B. An operator of a master meter system shall comply with this Section as a condition of receiving service from a provider. Noncompliance with this Section by an operator of a master ~~meters~~ meter system constitutes grounds for termination of service by the provider when informed in writing by the Office of Pipeline Safety. In case of an emergency, the Office of Pipeline Safety may give the provider oral instructions to terminate service, with written confirmation to be furnished within 24 hours.
- C. No change
- D. No change
 - 1. No change
 - 2. No change
- E. No change
 - 1. No change
 - 2. No change
 - a. No change
 - b. No change
 - c. No change
- F. No change
- G. No change.
- H. No change
- I. No change
- J. No change
- K. No change
- L. No change
 - 1. No change
 - 2. No change
 - 3. No change
 - 4. No change

- M.** No change
- N.** No change
1. No change
 2. No change
 3. No change
 4. No change
- O.** No change
1. No change
 2. No change
 3. No change
 4. No change
- P.** In the event of an unknown failure of a gas pipeline resulting in a master meter system operator's being required to provide a report under subsection (Q) and in the operator's removing a portion of the failed pipeline, the following shall occur:
1. No change
 2. No change
 - a. No change
 - b. No change
 - c. No change
 - d. No change
 - e. No change
 - f. No change
 3. No change
 - a. No change
 - b. No change
 - i. No change
 - ii. No change
 4. No change
 5. No change
 - a. No change
 - i. No change
 - ii. No change
 - iii. No change
 - b. No change
 - i. No change
 - ii. No change
 - iii. No change

- iv. No change
- v. No change
- 6. No change
 - a. No change
 - b. No change
 - i. No change
 - ii. No change
 - c. No change
 - i. No change
 - ii. No change
 - d. No change

Q. No change

- 1. No change
 - a. No change
 - i. No change
 - ii. No change
 - iii. No change
 - iv. No change
 - v. No change
 - vi. No change
 - vii. No change
 - viii. No change
 - b. No change
 - c. An event involving permanent or temporary discontinuance of service to a master meter system or any portion of a master meter system due to a failure of a leak test or for any purpose other than to perform routine maintenance; or
 - d. No change
- 2. No change
 - a. No change
 - b. No change
 - c. No change
 - d. No change
 - e. No change
 - f. No change
 - g. No change
- 3. No change

R. No change

- S. To ensure compliance with all applicable provisions of this Article, the Commission or an authorized representative thereof, may enter the premises of an operator of a master meter system to inspect and investigate the property, books, papers, electronic files, business methods, and affairs that pertain to the operation of the master meter system.

**ECONOMIC IMPACT STATEMENT
PER A.R.S. § 41-1055**

1. **BRIEF DESCRIPTION:** These amendments will amend rules R14-5-202, R14-5-203, R14-5-204, R-14-5-205 and R14-5-207. The proposed amendments are designed to update the Arizona Corporation Commission Pipeline Safety rules for conformity with the most current requirements of the Code of Federal Regulations (CFR), Title 49, Parts 40, 191, 192, except I(A)(2) and (3) of Appendix D to Part 192, 193, 195 (except 195.1(b)(2), (3), and (4)) and 199 (March 6, 2015) and improve clarity.

2. **NEED:** The Commission's Pipeline Safety Section, through its participation in the Federal Department of Transportation pipeline safety program, receives an annual grant from the Pipeline and Hazardous Materials Safety Administration's Federal Office to offset the Pipeline Safety Section's operational cost. Additionally, the Pipeline Safety Section has been granted agent status allowing it to enforce the Federal Pipeline Safety Standards. To maintain that status and to continue to receive grant monies the Commission must, pursuant to the Natural Gas Pipeline Safety Act and the Hazardous Liquid Pipeline Safety Act, adopt and keep current with the Federal Pipeline Safety Standards. The Commission believes that through the adoption and incorporation by reference of CFR Title 49 updates, the rules will be consistent with the Federal Regulations and will enhance public safety which will be in the best interest of all citizens in the State of Arizona.

3. **AFFECTED CLASSES OF PERSONS:**

- A. Operators of master meter gas distribution systems.
- B. Intrastate operators of natural gas and other gas pipelines.
- C. Intrastate operators of hazardous liquid pipelines.

4. **RULE IMPACT ON AFFECTED CLASSES OF PERSONS:**

- A. There will be no impact on master meter system operators if they are already complying with the Federal Pipeline Safety Regulations.
- B. There will be no impact on operators of natural gas or other gas systems, other than operators of liquefied natural gas ("LNG") facilities, if they are already complying with the Federal Pipeline Safety Regulations. Operators of LNG facilities may experience increased testing costs when welding is performed, although the additional costs are expected to be minimal as welding is a non-recurring activity. The increased costs will only occur if the LNG facility operator is not already ensuring that nondestructive testing is completed for each weld performed on newly installed, replaced, or repaired pipeline or appurtenances.
- C. There will be no impact on operators of hazardous liquid pipelines if they are already complying with the Federal Pipeline Safety Regulations.

5. **COST AND BENEFITS TO THE AGENCY:** The proposed amendments to the existing rules will have a minimal cost effect on the Commission and will have no impact on other state agencies. The Commission will benefit by maintaining agent status in

keeping current with the Federal Pipeline Safety Standards. The Commission believes that by amending the existing rules, the rules will be consistent with the Federal Regulations and will enhance public safety which will be in the best interest of all citizens in the State of Arizona.

6. **COST AND BENEFITS TO POLITICAL SUBDIVISIONS:** For those political subdivisions that are operators of intrastate pipelines or master meter operators, there will be little impact to political subdivisions if they are already complying with the Federal Pipeline Safety Regulations.
7. **COST AND BENEFITS TO PRIVATE PERSONS:** The proposed amendments to the existing rules will have no effect upon private persons or users of the gas service provided by regulated public utilities as they presently are required to be in compliance with all standards, but, this will benefit consumers, users and the general public by the operation and maintenance of a safe pipeline system.
8. **COST AND BENEFITS TO CONSUMERS OR USERS OF ANY PRODUCT OR SERVICE IN THE IMPLEMENTATION OF THE NEW RULES:** The proposed amendments to the existing rules will have no effect upon consumers or users of the gas service provided by regulated public utilities as they presently are required to be in compliance with all standards, but, this will benefit consumers, users and the general public by the operation and maintenance of a safe pipeline system.

9. **LESS COSTLY OR INTRUSIVE METHODS:** The amendments to the rules are the least costly method for obtaining compliance with the long standing minimum safety standards. The rules do not impose additional standards. There is no less intrusive method.
10. **ALTERNATIVE METHODS CONSIDERED:** There are no alternative methods available that ensure the public health and safety to the degree the proposed amendments ensure.